



State of Louisiana

Department of Health and Hospitals
Bureau of Health Services Financing

VIA ELECTRONIC MAIL ONLY

October 15, 2014

Ms. Sonya Nelson
Chief Executive Officer
Amerigroup Corporation
3850 N. Causeway Blvd. Suite 600
Metairie, 70002

Dear Ms. Nelson:

RE: Encounter Data Submission Requirements and Notice of Monetary Penalty

Amerigroup submitted only 92.7 percent of its encounter claims for the period of July 1, 2012, through June 30, 2014, as documented in the attached Myers & Stauffer *Comparison of Louisiana Health Managed Care Organization Encounter Claims to Cash Disbursements for Amerigroup Louisiana* report dated September 2014. This percentage is below the contractual threshold outlined in Section 17.5.4.12 of Exhibit E of the contract, which states:

"For encounter data submissions, the CCN shall submit ninety-five (95%) of its encounter data at least monthly due no later than the twenty-fifth (25th) calendar day of the month following the month in which they were processed and approved/paid, including encounters reflecting a zero dollar amount (\$0.00) and encounters in which the CCN has a capitation arrangement with a provider. The CCN CEO or CFO shall attest to the truthfulness, accuracy, and completeness of all encounter data submitted."

DHH finds Amerigroup non-compliant with the above referenced requirement, effective July 26, 2014.

As noted in the attached letter to Mr. George Bucher, dated February 5, 2014, and the attached *Comparison of Louisiana Health Managed Care Organization Encounter Claims to Cash Disbursements for Amerigroup Louisiana* report, dated November 2013, Amerigroup was also non-compliant with encounter data submission requirements in November 2013.

DHH acknowledges receipt of your letter dated September 24, 2014, which explains that errors in void batches in June and July caused the drop in Amerigroup's encounter data submission percentage and details the corrective actions taken, both to resubmit the erroneous data and to alter your reconciliation process to more closely evaluate "accepted denials" in the future. However, as this is the **second** instance of non-compliance within a one-year period, DHH will assess monetary penalties, in accordance with Section 20.2.3 of Exhibit E of the contract. The penalties will be assessed as follows:

"Ten thousand dollars (\$10,000.00) per calendar day for each day after the due date that the monthly encounter data has not been received in the format and per specifications outlined in the RFP."

DHH will assess a monetary penalty of \$90,000, equal to \$10,000 per day for the nine (9) calendar days between Amerigroup's receipt of the September 2014 encounter report on September 16, 2014, notifying you of non-compliance, and the completion of your corrective action, per your letter, on September 24, 2014.

DHH will deduct this amount from Amerigroup's regularly scheduled monthly payment on October 21, 2014, as authorized by Section 5.11.1 of Exhibit E of the contract.

"The CCN agrees that all amounts owed to DHH, as identified through routine or investigative reviews of records or audits conducted by DHH or other state or federal agency, are due no later than 30 calendar days following notification to the CCN by DHH unless otherwise authorized in writing by DHH. DHH, at its discretion, reserves the right to collect amounts due by withholding and applying all balances due to DHH to future payments. DHH reserves the right to collect interest on unpaid balances beginning thirty (30) calendar days from the date of initial notification."

DHH routinely verifies plan compliance with encounter data reporting requirements on a bimonthly basis through the *Comparison of Louisiana Managed Care Organization Encounter Claims to Cash Disbursements* report produced by Meyers and Stauffer. The next routine Comparison report, reconciling encounter data submitted through September 25, 2014, is due to DHH in early November.

DHH fully expects that Amerigroup will be in compliance with encounter data submission requirements in all future reconciliations. However, should Amerigroup again be found non-compliant in November, DHH will re-assess the above monetary penalty to begin on July 26, 2014, the first effective day of non-compliance, rather than September 16, 2014, the date of notification of non-compliance.

Additionally, any further instance of non-compliance through January 31, 2015, regardless of any interim periods of compliance, will result in immediate administrative actions or monetary penalties as provided in Section 20 of Exhibit E of the contract.

Should you have any questions, please do not hesitate to contact me or Michelle Renée.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mary T. C. Johnson", with a long horizontal flourish extending to the right.

Mary T. C. Johnson
Medicaid Deputy Director

MJ/mn

cc Ruth Kennedy
Jen Steele
Marisa Naquin
Michelle Renée
Joette Smith

Attachments:

1. *Comparison of Louisiana Health Managed Care Organization Encounter Claims to Cash Disbursements for Amerigroup Louisiana* report, dated September 8, 2014
2. Letter to George Bucher, dated February 5, 2014
3. *Comparison of Louisiana Health Managed Care Organization Encounter Claims to Cash Disbursements for Amerigroup Louisiana* report, dated November 7, 2013
4. Letter from Sonya Nelson to Mary T. C. Johnson, dated September 24, 2014